MR. K. GEORGE (*Financial Secretary to Government*): (1) Information is available only for five years from 1918-1919. A statement* containing this information is laid on the table.

(2) (*a*) The advances made by the Secretary of State for India at the end of the official year ending 31st March, 1923, amounted to Rs. 77,13,424, including an advance of Rs. 1,14,992 made during the year for rolling stock, etc., for open line works. The details of the advances are as given below :—

(i) For construction works ...Rs. 61,32,092

This is on account of the portion of debentures paid off by the Secretary of State for India.

(ii) For open line works. ...Rs. 15,81,332

This is on account of advances made for the purchase of rolling stock, etc., for lines opened for traffic.

(*b*) It is an advance in cash and does not form part of the debentures.

(*c*) It is repayable by the South Indian Railway Company at the time at which the liabilities on the Shencottah-Quilon Railway are dischargeable, *viz.*, in 1945.

(*d*) The present rate of interest is 3½ per cent.

(*e*) Under the agreement, advances made by the Secretary of State for India to the South Indian Railway Company bear interest at 3½ per cent.

(*f*) No.

Liability of Government on the Shencottah-Quilon line.

126. MR. N. PADMANABHA PILLAI (*Karunagapalli*): (*a*) Will the Government be pleased to state whether it was not for the Shencottah-Quilon line that a further liability of Rs. 13¾ lakhs was incurred during 1097, on account of the purchase of rolling stock?

(*b*) Is no amount allotted annually for depreciation purposes? If so, what was the necessity for incurring this further liability? What is the amount actually expended on account of depreciation in each of the last six years?

(*c*) What is the nature of this further liability? Is it in the form of debentures or a cash loan issued by the Rt. Hon'ble the Secretary of State for India? What is the rate of interest in this case? When is it repayable?

MR. K. GEORGE (*Financial Secretary to Government*): (*a*) Yes.

(*b*) The Railway Company do not provide any allotment for depreciation purposes. Charges for repairs and renewals of existing machinery, etc., are debited to the revenue account of the railway, while those for the purchase of new rolling stock are issued and debited to the capital account of the railway, such capital being raised either by issue of debentures by the Railway Company or by advances made by the Secretary of State.

* *Vide* Appendix II—page 511.

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[Mr. N. Padmanabha Pillai.]

(*c*) Purchase of new rolling stock. The amount for this was advanced to the Company by the Secretary of State. For the latter portion of the question, the member is referred to the reply given to question No. 152 (179) (*b*), (*c*) and (*e*).

Discharge of the Liability of Government in re. Shencottah-Quilon line.

127. M . N. PADMANABHA PILLAI (*Karunagapalli*): (*a*) Will the Government be pleased to state what precautions they have taken to be in a position to redeem the liability on account of the Shencottah-Quilon Railway on the due date, *i. e.*, in 1945?

(*b*) Is the provision now being made in the shape of a sinking fund sufficient for the purpose?

(*c*) Will the Government be pleased to state the amounts allotted annually towards the sinking fund ever since its creation?

(*d*) Will the Government be pleased to state the amount realisable in 1945 from their sinking fund investments?

(*e*) What is the present value of the two securities in which the Sinking Fund is invested?

MR. K. GEORGE (*Financial Secretary to Government*): (*a*) A Sinking Fund has been created as early as 1912 for the purpose of discharging the liability in 1945.

(*b*) Yes.

(*c*) Till recently, the annual contribution towards the Fund was B. Rs. 2 lakhs at 3½ per cent. compound interest. But recently, the contribution has been reduced to S. Rs. 1,25,000 per annum for the following reasons:—

(i) The interest has been raised from 3½ per cent. to 5 per cent.

(ii) The investments out of the fund in Government of India securities yield interest at 5 per cent. and 6 per cent.

(*d*) The Sinking Fund with the amount realised by investing it in securities yielding not less than 5 per cent. is expected to amount to Rs. 134 lakhs in 1945.

(*e*) 5 per cent. Bonds 1945-55. Rs. 96-6-0 repayable at par.

6 per cent. Bonds 1931. Rs. 103-4-0 to 104-4-0 repayable at par.

Besides these two securities, pro-notes to the face value of Rs. 8 lakhs of the five per cent. loan of 1929—47 have also been recently purchased for the Sinking Fund at the rate of Rs. 91-6 per cent. net.

MR. N. PADMANABHA PILLAI (*Karunagapalli*): In respect to the answer to part (*d*), may I take it the whole of the Sinking Fund s repayable by the year 1945?

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Appendix II.

***Vide* Answer to Question No. 125.**

Statement of interest paid by the Government of India on the Shencottah-Quilon Railway Loans.

Debentures.	1918—1919		1919—1920		1920—1921		1921—1922		1922—1923	
	Rate per cent.	Amount.	Rate per cent.	Amount.	Rate per cent.	Amount.	Rate per cent.	Amount.	Rate per cent.	Amount.
		B. Rs.		B. Rs.		B. Rs.		B. Rs.		B. Rs.
£. 29,517 ...	3¾ for 9 months and 3 days.	12,647	4½	16,539	4½ for 9 months and 3 days.	9,668	6½	27,364	6 for 9 months and 3 days.	22,380
	4½ for 87 days.	4,749	...	...	6½ for 87 days.	4,701			4½ for 87 days.	4,747
Total ...		17,396		16,539		14,369		27,364		27,127
£. 49,149 ...	4½	33,176	4½	27,540	4½ for 3 months and 3 days.	5,201	6½	45,563	6½ for 3 months and 3 days.	12,672
					6½ for the balance.	23,570			4½ for the balance.	24,930
Total ...	...	33,176	...	27,540		28,771		45,563		37,602
£. 3,69,125 ...	4½	2,49,158	4½ for 4 months and 15 days.	83,869		...		...		
£. 2,87,125 ...	...	...	4½ for 6 months and 46 days.	96,122	4½	1,25,710	4½ for 4 months and 15 days.	64,922	6	2,62,520
							6 for the balance.	1,59,139		
Total ...	...	2,49,158	...	1,79,991		1,25,710		2,24,061		2,62,520